

ISETAN (SINGAPORE) LIMITED
Company Registration No.: 197001177H
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERY REGARDING FIRST HALF OF 2021 FINANCIAL RESULTS

The Board of Directors (the “**Board**”) of Isetan (Singapore) Limited (the “**Company**”) refers to the query received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) via email on 2 September 2021 regarding the Company’s announcement on its financial results for the half-year ended 30 June 2021 that was released on 13 August 2021. The Company sets out its response to the query by SGX-ST as follows:

SGX-ST Query on 2 September 2021:

It was disclosed in the 1H2021 Financial Statements that the Company reported a decrease in the “Trade and other receivables” financial statement line item under its current assets from S\$6,141,000 as at 31 December 2020 to S\$4,988,000 as at 30 June 2021. The Company also reported a decrease in the “Trade and other receivables” financial statement line item under its non-current assets from S\$5,978,000 as at 31 December 2020 to S\$5,508,000 as at 30 June 2021.

In this regard, please disclose:

- (a) A breakdown of the Company’s trade and other receivables in its current assets and non-current assets;
- (b) The nature and breakdown of the Company’s other receivables in its current assets and non-current assets;
- (c) The underlying transactions and terms of the transactions (including contract sum) and payment terms of the underlying contracts;
- (d) Aging of the Company’s trade receivables in its current assets and non-current assets; and
- (e) The Board’s assessment on the recoverability of these trade and other receivables.

Company’s response:

Response (a)

Current trade and other receivables comprised of net trade receivables (S\$1.64 million) and other receivables (S\$3.35 million).

Non-current trade and other receivables comprised mainly of other receivables relating to finance lease (S\$5.41 million).

Response (b)

Current other receivables comprised of mainly of finance lease receivables (S\$1.76 million) and accrued receivables (S\$0.6 million).

Per (a), non-current other receivable comprised mainly of finance lease receivables.

Response (c)

Underlying trade receivables comprised mainly of outstanding rental receivables from investment properties and retail operations with payment terms of up to 30 days.

Other receivables comprised of interest receivable, government grant receivables, and finance lease receivables relating to leases at the retail stores with contract terms between 2 to 5 years. These were all items that were similarly disclosed in the prior year's audited financial statements.

Response (d)

Out of the Company's trade receivables of S\$1.64 million, 95% are less than 30 days outstanding.

Response (e)

Management regularly assesses the recoverability of the receivables, taking into account various factors such as the financial ability and condition of the debtor, security or guarantee provided on the receivables, existing trade contracts and other business dealings with the various counterparties. The Company has policies in place to ensure that leases are granted only to lessees of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk. Rental deposits are obtained to mitigate credit risks arising from tenants and management performs credit evaluation before entering into subleases of retail spaces to tenants. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality financial institutions. Processes are in place to monitor for significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. Impairments are made if the chances of recovery are deemed low. The Audit Committee has considered the approach and methodology applied to this assessment and is comfortable with the approach taken. The Board is in concurrence with the Audit Committee. The Board has also made a thorough review of the receivables as at 30 June 2021 and assessed that any of these receivables turning into bad debts is unlikely to be significant.

BY ORDER OF THE BOARD

LUN CHEE LEONG
COMPANY SECRETARY

6 September 2021